SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1941

No. 975

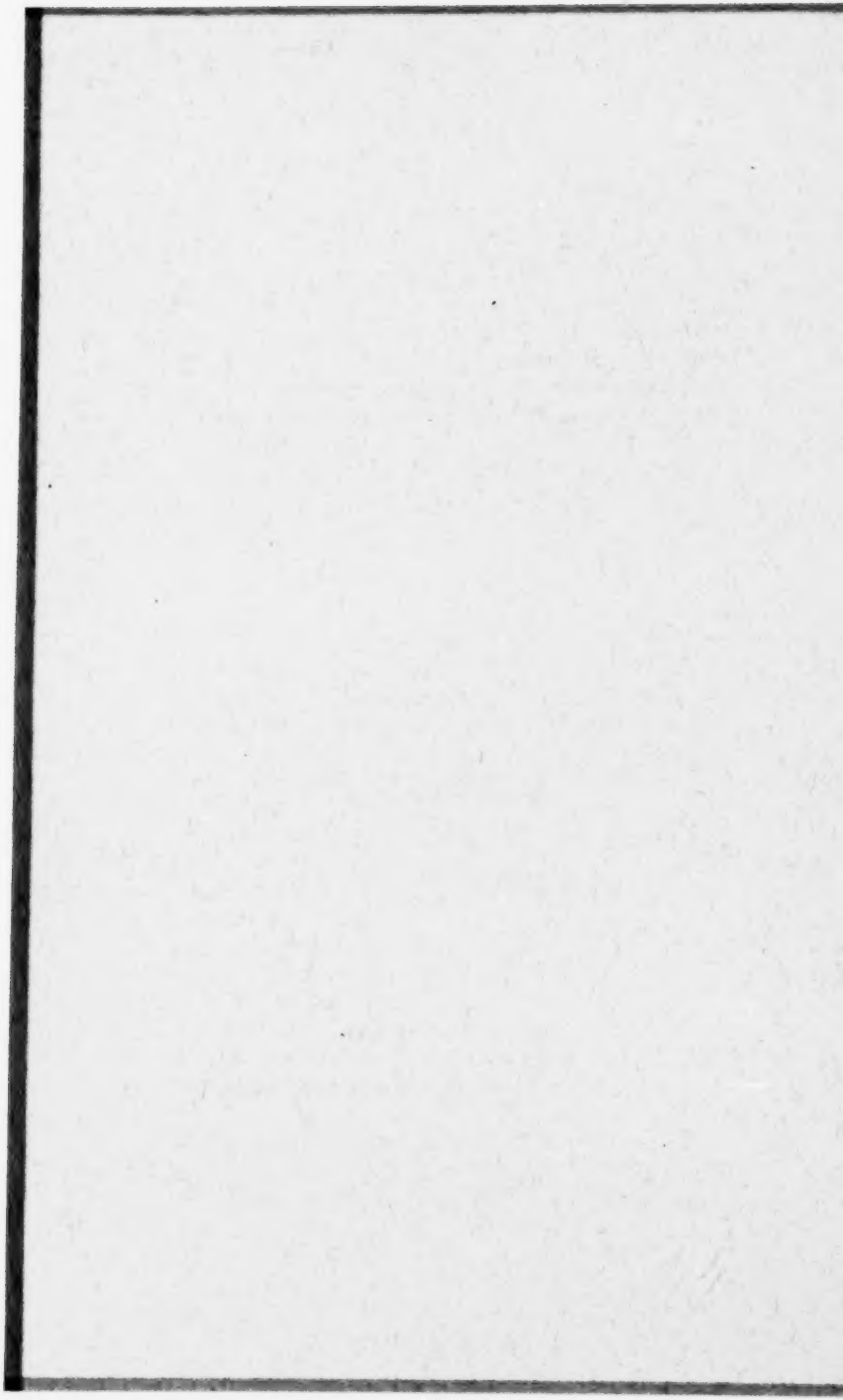
AETNA AUTO FINANCE, INC., A CORPORATION,
Petitioner,

vs.

AETNA CASUALTY & SURETY COMPANY, A CORPORATION.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE FIFTH CIRCUIT AND BRIEF IN SUPPORT THEREOF.

ARMWELL L. COOPER,
BUTLER DISMAN,
HARVEY DERAMUS,
Counsel for Petitioner.



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SUPREME COURT OF THE UNITED STATES

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No. 975

AETNA AUTO FINANCE, INC., A CORPORATION,
Petitioner,

against

AETNA CASUALTY & SURETY COMPANY, A CORPORATION,
Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE CIRCUIT COURT OF APPEALS FOR THE FIFTH CIRCUIT.

To the Honorable Chief Justice and the Associate Justices of the Supreme Court of the United States:

Aetna Auto Finance, Inc., respectfully petitions for a writ of certiorari to review a final decision of the Circuit Court of Appeals for the Fifth Circuit, rendered November 14, 1941, (R. 208), and reported in 123 F. (2d) 582. A motion for rehearing was duly filed that was denied on December 16, 1941. This decision reversed a decree (R. 188-189) that was entered on August 7, 1940, by the District Court for the Southern Division of the Northern District of Alabama (not reported).

Questions Presented.

This Petition involves the following questions:

First: Whether generic and common words, in combination, can be preempted or exclusively appropriated, as

trade names, so that they are not available for use by others, in connection with dissimilar and non-competitive lines of business and industry.

Second: Whether injunctive relief, on the ground of unfair competition, should be granted, as a punishment for actions entirely discontinued before suit, or should be exercised only to prevent an actual or threatened injury from being continued.

Third: Whether injunctive relief, on the ground of unfair competition, should be granted, in the absence of competition of some kind, or character, whether in resemblance of products or services offered to the public, or in similarity of respective classes of business, or of some unfair practices that produce or threaten injury.

Fourth: Whether alleged improper motives, or intentions, are sufficient for or material to injunctive relief, on the ground of unfair competition, when the acts complained of are proper and lawful of themselves.

Fifth: Whether a local name statute, intended to prevent assumption of identical or closely similar corporate names, can be invoked or interpreted to warrant injunctive relief, on the ground of unfair competition, where the names in question are without the slightest similarity.

Summary Statement of Matter Involved.

The petitioner, Aetna Auto Finance, Inc., (respondent below), was incorporated on the 3rd of August, 1937, by the State of Alabama, as the State Finance Company, to carry on and conduct the business of lending money with automobiles as collateral security, as a subsidiary of a large and nationally known corporation engaged in the same kind and type of business (R. 145, Ex. H-44), (R. 153, Ex. H-96).

After the charter had been issued, counsel for the company was advised by the State that the designated corporate name would have to be changed because the same name was in use by another local corporation. The present name of petitioner was adopted on September 15, 1937, and has been continuously in use since that time (R. 129, Ex. H-96, R. 153).

The respondent, Aetna Casualty & Surety Company (complainant below) was incorporated under the laws of the State of Connecticut, with its principal place of business at Hartford, in that State. It was engaged exclusively in the insurance business and was authorized to conduct such business in the State of Alabama.

Several months after Petitioner had commenced business, respondent advised petitioner that it had "preempted the name (Aetna) and particularly the connotation implied by joinder of the words 'Aetna' and 'Auto' "; that it objected to the use of these two words in combination and also the advertising slogans "A new plan for Auto Loans", "The National Program", "Dealing with a reputable company with a National reputation", "Aetna brings to Birmingham a new plan for Automobile Loans", and "A National Institution lending money exclusively on motor vehicles"; and demanded that petitioner remove the word "Aetna" from its corporate name (R. 26).

Petitioner advised respondent that the phrases to which objection had been made and also the use of the word "Aetna" standing alone would be discontinued, but that the word "Aetna" would not be eliminated from its corporate name. The advertising media and slogans to which exception had been taken were immediately discontinued and were never employed or used since that date.

Regardless of this action on the part of petitioner, a bill of equity was filed at Birmingham, Alabama, in which respondent sought to enjoin petitioner from the use of the

word "Aetna" as a part of its legally authorized corporate name (R. 1) on the alleged theory that petitioner was unlawfully competing with respondent: (1) by attempting to mislead the public to believe that it was affiliated with respondent; (2) by attempting to pirate the good will of respondent; (3) by crediting its business with an unwarranted financial responsibility; (4) by endeavoring to gain the benefit of respondent's reputation and advertising.

The bill alleged that the terms "Aetna" and "Auto" had been used extensively in the promotion of respondent's insurance business, but did not allege that these words, whether singly or in conjunction, had been registered as a trade mark, or that respondent was authorized or intended to engage in the business of making automobile loans, or that petitioner was authorized or intended to engage in the insurance business. There was no allegation that respondent, or its business, had been damaged, or that any actual or potential business had been diverted from it. The bill prayed that petitioner be perpetually enjoined from the use of the word "Aetna" as a part of its corporate name.

The advertising pamphlets that had been discontinued by petitioner were the exhibits attached to the bill of respondent and formed the basis of its allegations.

Petitioner, by its answer, denied all allegations of improper motive; alleged that it was engaged solely in the automobile loan business, and was not engaged and did not intend to engage in the business of soliciting, selling or writing insurance; that the two companies were not competing with each other, either fairly or unfairly; that the finance business and the insurance business were non-competitive and unrelated, and did not come within the same field or classification, and that all slogans, statements and advertising matter to which objection was made had been discontinued long before suit was commenced.

After issues were joined, the cause was referred to a

Special Master who was directed to receive evidence, make findings of fact and conclusions of law, and to report the same to the court (R. 30). After extensive hearings, the Master found that respondent had established a secondary meaning of the word "Aetna", when used in connection with the insurance business, but that petitioner was not engaged in the insurance business, nor was it in any way competing with respondent; that the corporate name of petitioner was not identical with or so similar to that of respondent as to lead to confusion or uncertainty; that there was no similarity in the literature or advertising of respondent that would tend to deceive the public into the belief that there was any connection between petitioner and respondent, and that prior to the institution of suit, petitioner had voluntarily discontinued the use of all advertising slogans and phrases to which objection had been taken, and that the same or similar material had not been used by petitioner since the time of discontinuance. The Master also made certain findings of law to the effect that respondent had not established facts sufficient to constitute unfair competition, and that its bill in equity should be dismissed with prejudice as to the facts alleged therein.

The District Court, on August 7, 1940, overruled objections and exceptions to the report of the Special Master, entered a decree confirming his report and dismissed the bill of complaint. The Circuit Court of Appeals for the Fifth Circuit reversed the order of said District Court and directed the issuance of the injunction as prayed for by said respondent.

Reasons Why A Writ of Certiorari Should Issue.

1. The Circuit Court of Appeals for the Fifth Circuit has decided an important question in a way that is in conflict with the decisions of this Court and of other Circuit Courts of Appeal in that it has sanctioned the preemption and

exclusive appropriation, as a trade name, of two words, in combination, namely, "Aetna" and "Auto", both of which have enjoyed a wide and general use and have peculiarly suggestive meanings.

2. The decision of the Circuit Court of Appeals for the Fifth Circuit is in conflict with the decisions of other Circuit Courts of Appeal in that relief by a court of equity, which is predicated on unfair competition, presupposes competition of some character, either in resemblance of the products or services offered to the public or in the similarity of the respective classes of business.

3. The Circuit Court of Appeals for the Fifth Circuit has rendered a decision to the effect that alleged improper motives, or intentions, are sufficient to warrant injunctive relief, in a case of unfair competition, which is in conflict with the decision of another Circuit Court of Appeals that intention is not material if the defendant had the right to do that which is complained of.

4. The Circuit Court of Appeals for the Fifth District has decided an important question of local law in a way probably in conflict with applicable local decisions, in holding that under an Alabama Statute (Title 10, Section 2, Alabama Code), prohibiting assumption of a name identical with that of a corporation already existing in such State, or so nearly similar thereto as to lead to uncertainty, a foreign corporation engaged in the insurance business in Alabama, under the name of "Aetna Casualty & Surety Company", is entitled to an injunction, on the ground of unfair competition, against the use of the name "Aetna Auto Finance, Inc.", by a domestic corporation engaged in the automobile loan business.

5. The Circuit Court of Appeals for the Fifth Circuit has so far departed from the accepted and usual course

of judicial proceedings, which provide that findings of fact by a Special Master shall not be set aside unless clearly erroneous, and that due regard shall be given to the opportunity of such Master to judge of the credibility of the witnesses appearing before him, as to call for an exercise of the power of supervision of this Court. This is more particularly provided for in Rule 52 of the new Federal Rules of Civil Procedure.

Prayer.

For the foregoing reasons, further developed in the accompanying brief, your petitioner respectfully prays that a writ of certiorari issue out of this Honorable Court, directed to the Circuit Court of Appeals for the Fifth Circuit, commanding said court to certify and send to this Honorable Court, on a day to be determined, a full and complete transcript of the record of all proceedings of such Circuit Court of Appeals had in this cause, to the end that this cause may be reviewed and determined by this Honorable Court; that the final order and decree of the Circuit Court of Appeals for the Fifth Circuit may be reversed; and that your petitioner be granted such other and further relief in the premises as to this Honorable Court may be deemed just and proper.

Birmingham, Alabama, February 25, 1942.

AETNA AUTO FINANCE, INC.,
A CORPORATION,
Petitioner,
By ARMWELL L. COOPER,
Kansas City, Missouri,
BUTLER DISMAN,
Kansas City, Missouri,
HARVEY DERAMUS,
Birmingham, Alabama,
Counsel for Petitioner.